



October 26, 2023

Ms. Mary Plaine, Secretary-Treasurer
American Federation of Musicians
Musicians' Association of Metropolitan Baltimore
Local 40-543
1055 Taylor Ave, #218
Baltimore, MD 21286

Case Number: 450-6019899()
LM Number: 019966

Dear Ms. Plaine:

This office has recently completed an audit of American Federation of Musicians Local 40-543 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with President Michael Decker, Office Manager Mary Ann Szymanik, and you on October 16, 2023, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 40-543's 2019 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 40-543 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees. For example, there were no receipts for purchases at Tri-State Printing and Walmart.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 40-543 did not require officers and employees to submit itemized receipts for meal expenses. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

In addition, Local 40-543 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Lack of Salary Authorization

Local 40-543 did not maintain records to verify that the salary reported in Schedule 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

4. Failure to Maintain Records

Local 40-543 did not maintain voided checks and receipts from money distributed from petty cash during the audit period. All union records must be maintained.

5. Vacation Time

Local 40-543 did not retain adequate documentation for vacation time used by union officers and employees. The union must maintain records which identify the date any vacation was used, the number of hours used, and the number of vacation hours remaining.

Based on your assurance that Local 40-543 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report, Form LM-2, filed by Local 40-543 for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 40-543 did not include some payments to or on behalf of officers and employees in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 40-543 file an amended LM report for 2019 to correct the deficient items, but Local 40-543 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Use of Signature Stamp

During the audit, an officer advised that it is Local 40-543's practice for the secretary-treasurer to sign union checks and a signature stamp is then used for the president's signature. The two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check and negates the purpose of the two-signature requirement. OLMS strongly recommends that Local 40-543 review these procedures to improve internal control of union funds.

2. Signing Blank Checks

During the audit, you advised that an officer occasionally signs blank checks. Your union's bylaws require that all checks be signed by the president or vice president and the secretary-treasurer. The two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two-signature requirement. OLMS strongly recommends that Local 40-543 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Musicians' Association of Metropolitan Baltimore Local 40-543 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator, Division of Enforcement

cc: Mr. Michael Decker, President